

GOVERNMENT OF ANDHRA PRADESH  
A B S T R A C T

Andhra Pradesh State Financial Corporation (APSFC) - Government unconditional and irrevocable guarantee towards repayment of Principal and Interest of the non-statutory liquidity ratio (SLR) Bonds of Rs.320.00 Crore to be issued by A. P. State Financial Corporation for a period of 10 years by charging 2% guarantee commission - Orders - Issued.

INDUSTRIES & COMMERCE (IF CELL) DEPARTMENT

**G.O. Ms. No. 1**

**Dated:01-01-2013.**

**Read the following:-**

- 1) From the MD, APSFC, Hyderabad, File No. APSFC /F&A/11-12, dt. 21.03.2012.
- 2) From the MD, APSFC, Hyderabad, File No. APSFC /F&A/11-12, dt.1.11.2012 and dt.06-12-2012.

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**O R D E R:**

In the references read above, the Managing Director, Andhra Pradesh State Financial Corporation, Hyderabad has stated that the Andhra Pradesh State Financial Corporation is making significant contribution for the development of small and medium scale industries in the state by providing the need based credit in the form of medium/long term loans. The Corporation is playing a predominantly promotional and developmental role and acting as a catalyst for the growth of small scale industry, generation of direct and indirect employment to the people in the state. The Corporation also formulated a special scheme of financial assistance for establishing of industrial units and service enterprises in SME sector being promoted by entrepreneurs belonging to SC / ST categories. The Corporation's performance has been improving in the key operational areas of sanctions, disbursements and recoveries. The details of sanctions, disbursements and net profit during the last 3 years and provisional figures for the year 2011-12 are as under:

(Rs. in Crores)

Financial year	Sanctions	Disbursements	Net Profit
2008-09	885.67	685.70	42.85
2009-10	1052.38	707.99	67.67
2010-11	1386.38	904.35	67.33
2011-12 (Projected)	1250.00	930.00	75.00

2. The Corporation is proposing to increase the disbursements to Rs.1050 crores during the FY 2012-13 to be met as under:

(Rs.in crores)

Internal accruals	:	230
Re-finance from SIDBI	:	300
Term Loans from Banks	:	200
Proposed Non-SLR Bonds	:	320
Total		1050
		Crores

3. The Corporation is now proposing to mobilize funds by way of issue of Non-SLR Bonds with Government Guarantee in the market to a tune of Rs.320 crores during the Financial Year 2012-13. The details of bonds proposed to be issued are as under:

(PTO)

- a) Issue size : Rs.320 crores
- b)Rate of Interest : Market determined, rate to be decided at the time of issue.
- c) Period : 10 years
- d) Repayment : Bullet payment at the end of 10 years or to structure the repayment schedule suitably depending on market conditions
- e) Security : Guarantee from State Government

4. The Managing Director, Andhra Pradesh State Financial Corporation Limited, Hyderabad has finally requested the Government to extend the unconditional and irrevocable guarantee for the proposed Bonds issue of Rs.320 crores for repayment of principal and interest thereon over a period of 10 years by charging 2% guarantee Commission. This guarantee is in force until these bonds issued by the AP State Financial Corporation are redeemed and to Issue bonds in one or more tranches.

5. Government, after careful examination of the proposal of Managing Director, A.P. State Financial Corporation, Hyderabad, hereby stand as guarantor for the Non-SLR Bonds to the extent of Rs.320 crores (Rupees three hundred and twenty crores only) to be issued by the A.P.State Finance Corporation towards repayment of Principal and payment of interest over a period of 10 years by charging 2% guarantee commission under the Head of Account "0075 Other Administrative Services - 60 Other Services - MH.800 Other Receipts - SH.08 Commission for guarantee to Government".

6. This Guarantee is unconditional and irrevocable and shall be in force until these bonds issued by the AP state Financial Corporation are redeemed and accorded permission to Issue of bonds in one or more tranches during the financial year 2012-13.

7. This order issues with the concurrence of Finance (DCM-II) Department, vide their UO No. 012265/132/DCM.II/2012, dt.2.06.2012 and. UO No.7552/465/E.I&C/2012, dt.21-12-2012.

( BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

K. PRADEEP CHANDRA  
PRINCIPAL SECRETARY TO GOVERNMENT & CIP

To  
The Managing Director, A.P. State Financial Corporation, Hyderabad.  
The Accountant General, AP, Hyderabad.  
The Reserve Bank of India, Hyderabad.

Copy to:-

The Finance (DCM-II) Department.  
The Finance (Exp. I&C) Department.  
The G.A.(Cabinet) Dept.  
The Spl. Secy. to C.M.  
The PS to Min. (MI, Sugar& C&EP).  
The PS to Prl. Secy. to Govt., & CIP,

// FORWARDED BY ORDER//

SECTION OFFICER